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# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this	17th	day of	February	 2010	between
Timpte Industries, Inc.			<u> </u>		
Lessor (whether one or more) whose addr	<sup>ess is:</sup> <u>700 Broad</u>	way, Suite 800 .	Denver, Colorado 80203		
and XTO Energy Inc., 810 Hous	ton Street. Fort	Worth, Texas 76	162	 Lessee, WI	TNESSETI

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of Tarrans, State of Texas, and is described as follows:

4.939 acres of land, more or less, being a called 3.814 acres, situated in the L. J. Warwick Survey, A-1663, and the A. Stinson Survey, A-1413, both in Tarrant County, Texas, and being more particularly described in that certain General Warranty Deed dated effective August 22, 2006, from the Bruce Alford Corporation, sometimes known as DOORCO, Inc., a Texas corporation, to Timpte Industries, Inc., as recorded at Document No. D206264223, Official Public Records, Tarrant County, Texas,

SURFACE OPERATIONS RESTRICTION: It is agreed by and between the parties hereto, that no surface operations will be conducted upon the above-described leased premises without the prior written consent of Lessor.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 4.2390 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

- 2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of \_\_<u>TWO (2)</u>\_ years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
- 3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal \_25%\_part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 25% part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear 25% of the cost of treating oil to reader it marketable pipe line oil; (b) To puty Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, \_2555\_ of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 25% of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lesse's election, except that on subhur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or flurnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at say time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in such bank as directed by Lessor, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same. Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee and in accordance while the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. Should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may coaform substantially in size with those prescribed or permitted by governmental regulations. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Such unit shall become effective as of the date provided for in said instrument or instruments but if said instrument or instruments make no such provision, then such unit shall become effective on the date such instrument or after operations or production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, toyalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit and the unit of the land overed by this lease within each such unit and the unit of united minerals from the

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The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shur-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time there is no unitized minerals being produced from such unit. Any unit formed may be amended, re-formed, reduced or enlarged by Lessee at its election at any time and from time to time after the original forming thereof by filing an appropriate instrument of record in the public office in which the pooled acreage is located. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location and/or road, drilling, testing, completing, reworking, recompleting, deepening, sidetracking, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the coverauts, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, however effected, shall be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less that forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained and shall not be required to move or remove any existing surface facilities necessary or convenient for current operations.
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other paym payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this tease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lesse, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of raph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on said land or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of said land or off of lands with which said land are pooled in accordance with this lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this lease, except as expressly stated.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

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By: Doug Wal	liser, as President	<del></del>		
STATE OF	ah langi i	ACKNOWLEDGEMENT	·	
COUNTY OF A	Cheenso	SS Corporation		
	acknowledged before me on the er, as President of Timpte Ind	day of , February	, 2010	
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	TO LOYOF F	MEINEN		-
	JOYCE E	MEHMEN Notary Public, State of Tonne 1873098 Notary's manne (printed):	Louce E Mehn	nen
9827 OKUB	RIVERSIO	E COUNTY Netary's commission expires:	Source E Mehn Dec 13, 2013	

# **EXHIBIT "A"**

Attached hereto and made a part hereof of that certain Oil, Gas and Mineral Lease dated February 17, 2010, by and between Timpte Industries, Inc., as Lessor, and XTO Energy, Inc., as Lessee.

#### 1. AGREEMENTS SUPERSEDE

It is understood and agreed by all parties hereto that the provisions of this Addendum supersede any provisions to the contrary contained in the printed lease hereof.

### 2. SHUT-IN ROYALTIES

It is expressly agreed and understood that Lessee's right to maintain this lease in force after the expiration of the primary term hereof by the payment of shut-in gas royalty under Paragraph 3 of this lease shall be limited to 36 months in the aggregate. In determining the cumulative period in which a well may be shut-in, periods in which a well is shut-in because of (a) downstream pipeline malfunction, maintenance or repair, (b) curtailment by downstream purchasers or transporters of gas or (c) matters of force majeure shall not be considered or count against such cumulative period.

#### 3. POOLING

Notwithstanding the provisions of Paragraph 4 of the printed form, in the case of pooling hereunder, all of the leased premises shall be included in any unit so formed.

# 4. SURFACE OCCUPANCY

Lessee does not by virtue of this lease acquire any rights whatsoever to conduct any operations on the surface of the lease premises without first obtaining the prior written consent of the surface owner, however, Lessee may recover oil, gas and associated hydrocarbons from the lease premises by directional or horizontal drilling, pooling, unitization or any other method provided in this lease.

#### 5. LEGAL COMPLIANCE

Lessee shall conduct all operations hereunder in accordance with the rules and regulations of the Texas Commission on Environmental Quality and the Railroad Commission of Texas, and Lessee shall strictly observe and comply with all local, state and federal environmental laws and regulations dealing with the herein leased premises and shall indemnify and hold harmless Lessor for any losses incurred as a result of violations thereof.

#### 6. INDEMNITY

LESSEE AGREES TO INDEMNIFY AND HOLD LESSOR HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, ENVIRONMENTAL DAMAGES, REASONABLE ATTORNEY'S FEES, EXPENSES, CAUSES OF ACTION, SUITS, CLAIMS OR JUDGMENTS OF ANY KIND OR CHARACTER FOR INJURY TO PERSONS OR PROPERTY CAUSED BY OR RELATED TO LESSEE'S OPERATIONS ON THE SUBJECT LANDS OR OTHERWISE IN THE EXERCISE OR PURSUIT OF ANY OF ITS RIGHTS AND INTERESTS GRANTED BY THIS LEASE.

#### 7. NO WARRANTIES.

This oil and gas lease is made and accepted without covenants or warranty of title of any kind. Lessee at its option may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against the leased premises, either in whole or in part, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same.

### 8. ATTORNEY'S FEES

In the event that Lessor or Lessee shall be required to employ legal counsel for the enforcement of any

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provision of this lease, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses incurred in such proceeding.

9. LAW AND VENUE. The rights and duties of the parties under this lease shall be governed by the laws of the State of Texas. Venue for any action arising hereunder shall lie in Tarrant County, Texas.

# 10. MEMORANDUM OF LEASE

The parties hereto agree that a Memorandum of Lease may be recorded in the Public Records of Tarrant County, Texas, to evidence the existence of this lease.

#### 11. BINDING EFFECT

This lease shall be binding on the parties hereto and their successors, assigns, heirs and legal representatives.

# AGREED TO AND APPROVED:

LESSOR:

TIMPTE INDUSTRIES, INC.

Dong Walliser, President

LESSEE:

XTO ENERGY, INC.

THE SLYP Land administration

Return to: Bryson G. Ruba 6127 Green Jacket I Ant # 1136

Fort Worth, TX 76137

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